



NEWS RELEASE

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BLM Restricts Deliveries of Crude Helium to Refiners due to Unexpected Shut Down of Federal Helium Enrichment Plant near Amarillo, Texas

Amarillo – The Bureau of Land Management has temporarily reduced deliveries of crude helium to refiners along a 425-mile federal helium pipeline this week due to an unexpected weather-related shut down at its helium enrichment plant on Saturday, January 13, 2007.

Starting on January 15, 2007, the BLM had to temporarily restrict supplies of crude helium to private refiners along the pipeline to about 4 million cubic feet per day (MMcf/day), which is being supplied from helium-rich wells in the nation's Federal Helium Reserve (the BLM's Cliffside Gas Field, about 15 miles northwest of Amarillo).

Under normal operating conditions, the BLM plant supplies refiners with just over 6 MMcf of crude helium (gas enriched to about 80 percent helium) per day.

"We are working diligently to reopen the plant," said John Hamak, the BLM's Assistant Field Manager for Storage and Pipeline Operations in Amarillo. "We expect to increase the supply of helium in the pipeline to 5 MMcf/day by Friday, January 19, and return to full capacity by Monday, January 22."

This week's temporary restriction on deliveries of crude helium could exacerbate a helium supply imbalance that began to affect industry last year. Demand for helium by the private sector has grown steadily over the past 20 years, and by the 1990s far exceeded the amount of helium used by the government for medical research, defense and space programs.

In addition, several overseas helium plants that were expected to be up and running this year in Qatar and Algeria were delayed and down. The Cliffside Gas Field supplies the helium used in about 40 percent of U.S. helium production – even though it usually sells for a higher amount than private sector crude – and almost 35 percent of the world's helium production.

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Because helium supplies are now so tight, factors such as scheduled maintenance at BLM and private sector plants, along with several weather-related shut downs at helium refineries have temporarily impacted domestic supplies.

In November 2006, the BLM's enrichment plant was shut down for 10 days of scheduled annual maintenance; BLM supplied reduced amounts of crude helium from wells at the Cliffside Gas Field during that time. ExxonMobil's LaBarge plant in Wyoming was shut down for a similar time for maintenance in September 2006. And over the New Year's Day weekend a storm damaged power lines to two refiners, causing one to shut down for about 2 weeks.

The BLM is selling and delivering more helium than ever before but supplies remain tight. In 2006, the BLM's plant operated for a total of 350 days, supplying the market with over 2 billion cubic feet of crude helium.

The BLM's short-lived reductions in deliveries to plants on the pipeline this week could therefore tighten an already tight market for helium and could affect refiners that are trying to eliminate backlogs in supply from previous events.

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